

# Executive Council Meeting Materials

## 03/21/2025

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# 12/10/2024 Meeting Minutes

**MINUTES OF THE EXECUTIVE COUNCIL  
THE STATE OF MINNESOTA  
Tuesday, December 10, 2024**

In attendance: Governor Tim Walz  
Lieutenant Governor Peggy Flanagan  
State Auditor Julie Blaha  
Secretary of State Steve Simon  
Attorney General Keith Ellison

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At approximately 10:00 AM, Governor Walz called the meeting of the Executive Council to order. As Chair of the Executive Council, Governor Walz determined that the requirements of Minnesota Statutes, Section 13D.015, had been met, allowing the meeting to be conducted via interactive technology.

Governor Walz called for a motion to approve the draft minutes of the Executive Council meeting held on August 14, 2024. State Auditor Blaha moved the request. A roll call vote was taken, with each member voting as follows:

- Lt. Governor Peggy Flanagan – AYE
- Secretary of State Steve Simon – AYE
- Attorney General Keith Ellison – AYE
- State Auditor Julie Blaha – AYE
- Governor Tim Walz – AYE

The motion carried, and the minutes were approved.

Governor Walz recognized Minnesota Management and Budget (MMB) Assistant Commissioner Jennifer Hassemer to present the request for approval of collateral for State funds, as required under Minnesota Statutes, Section 9.031, subdivisions 2 and 3.

Assistant Commissioner Hassemer provided an overview of the request.

Governor Walz called for discussion. Hearing none, he requested a motion to approve. State Auditor Blaha moved to approve. A roll call vote was taken, with each member voting as follows:

- Secretary of State Steve Simon – AYE
- Attorney General Keith Ellison – AYE
- State Auditor Julie Blaha – AYE
- Lt. Governor Peggy Flanagan – AYE
- Governor Tim Walz – AYE

The motion carried, and the request was approved.

Governor Walz recognized Minnesota Management and Budget (MMB) Assistant Commissioner Jennifer Hassemer to present a request to designate a warrant clearing account with Wells Fargo Bank pursuant to Minnesota Statutes, Section 9.031, Subdivision 1.

Assistant Commissioner Hassemer provided an overview of the request and informed members that MMB conducted a competitive bidding process to select the vendor.

Governor Walz called for discussion. Hearing none, he requested a motion to approve. Secretary of State Simon moved to approve. A roll call vote was taken, with each member voting as follows:

- Attorney General Keith Ellison – AYE
- State Auditor Julie Blaha – AYE
- Lt. Governor Peggy Flanagan – AYE
- Secretary of State Steve Simon – AYE
- Governor Tim Walz – AYE

The motion carried, and the request was approved.

Governor Walz recognized Eben Johnson, Disaster Lead for the Property Tax Division at the Department of Revenue, to present applications from Blue Earth County, Cottonwood County, Le Sueur County, Rice County, and St. Louis County for designation as disaster areas pursuant to Minnesota Statutes, Section 273.1231, Subdivision 3.

Eben Johnson provided an overview of the request.

Governor Walz called for discussion. Hearing none, he requested that all applications be approved together as a single motion. Lt. Governor Flanagan moved to approve. A roll call vote was taken, with each member voting as follows:

- State Auditor Julie Blaha – AYE
- Lt. Governor Peggy Flanagan – AYE
- Secretary of State Steve Simon – AYE
- Attorney General Keith Ellison – AYE
- Governor Tim Walz – AYE

The motion carried, and the request was approved.

Governor Walz called for any further discussion from members of the Executive Council. Hearing none, he called for a motion to adjourn the meeting. Secretary of State Simon moved to adjourn. A roll call vote was taken, with each member voting as follows:

- Lt. Governor Peggy Flanagan – AYE
- Secretary of State Steve Simon – AYE
- Attorney General Keith Ellison – AYE
- State Auditor Julie Blaha – AYE
- Governor Tim Walz – AYE

The motion carried and the meeting was adjourned at approximately 10:08am.

# Request to Approve Collateral for State Funds



## Office Memorandum

**Date:** February 13, 2025

**To:** Tamar Gronvall  
Executive Secretary  
Executive Council

**From:** Erin Campbell  
Commissioner

*EC*

**Phone:** 651-201-8011

**Subject:** Approval of Collateral for State Funds

As required by Minnesota Statutes, Section 9.031, subdivisions 2 and 3, the Department of Management and Budget (MMB) requests that the Executive Council approve the list of new collateral used to secure state funds on deposit at its March 21, 2025 meeting.

Collateral to be approved by the Executive Council, under Minnesota Statutes, Section 9.031, subdivisions 2 and 3:

**US Bank**

\$325,000,000.00	FHLB	LOC 577983
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**Wells Fargo Bank**

\$52,999,999.14	BNY Melon	36179YAR5 GNMA G2SF
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**United Prairie Bank**

\$1,500,000.00	FHLB	LOC 1007091
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**Bremer Bank**

\$290,000.00	Wells Fargo	840615CB2 South Washington Watershed
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**National Bank of Commerce**

\$1,000,000.00	UBB	912797NB9 US Treasury Bill
\$100,089.49	UBB	83165A4K7 SBA Pool #522426

**Citizens Community Federal**

\$2,000,000.00	FHLB	LOC 284735
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**APPROVED BY EXECUTIVE COUNCIL**

DATE \_\_\_\_\_

BY \_\_\_\_\_

Executive Secretary

Request to Approve Designation of State Community  
Depository Accounts

Office Memorandum

**Date:** February 13, 2025

**To:** Tamar Gronvall  
Executive Secretary  
Executive Council

**From:** Erin Campbell  
Commissioner

EC

**Phone:** 651-201-8011

**Subject:** Designation of State Community Depository Accounts

As required by Minnesota Statutes, Section 9.031, subdivision 1, Minnesota Management and Budget (MMB) requests that the Executive Council designate the following accounts at its March 21, 2025 meeting.

The **Multiple Bank Community Depository** accounts listed below are new accounts that were recently bid out. The accounts are used by various state agencies in communities having more than one bank. These accounts are established to provide community bank accounts where state agencies and deputy registrars deposit fees and payments to the State. These funds are then withdrawn by MMB – Cash Management and deposited in the State’s main bank account in Saint Paul. The contracts will be effective through June 30, 2025.

<u>Account Name</u>	<u>Bank Name</u>	<u>Compensating Balance Bid</u>
Faribault 3rd JD Rice J33-307-7P	1 <sup>st</sup> United Bank	\$250,000
Faribault Deaf Academy E44-000-9B	1 <sup>st</sup> United Bank	\$250,000
Faribault MCF P78-790-8E	1 <sup>st</sup> United Bank	\$250,000
Faribault Public Safety P07-010/716/772-A4	1 <sup>st</sup> United Bank	\$550,000
Faribault Southern Cities Clinic H55-400-6Z	1 <sup>st</sup> United Bank	\$250,000

**APPROVED BY EXECUTIVE COUNCIL**

DATE \_\_\_\_\_

BY \_\_\_\_\_  
Executive Secretary

Request to Approve Issuance of State Taconite Iron Ore  
Mining Lease to Cleveland-Cliffs Hibbing Inc., Cliffs Mining  
Holding Sub Company, Ontario Hibbing Company, and  
Hibbing Development Company

**A. Request to Approve Issuance of State Taconite Iron Ore Mining Lease to Cleveland-Cliffs Hibbing Inc., Cliffs Mining Holding Sub Company, Ontario Hibbing Company, and Hibbing Development Company**

It is the Department of Natural Resources' recommendation that the State Executive Council approve the issuance of a new negotiated state taconite iron ore mining lease to Cleveland-Cliffs Hibbing Inc., Cliffs Mining Holding Sub Company, Ontario Hibbing Company, and Hibbing Development Company, as tenants in common, operating as Hibbing Taconite Company. The new lease affects 40 acres of school trust land at the Hibbing Taconite operation near the city of Hibbing, Minnesota, in St. Louis County.

**Authority**

Minnesota Statutes, section 93.1925, subdivision 1 provides as follows:

Subd. 1. **Conditions required.** When the commissioner finds that the best interests of the state will be served and the circumstances in clause (1), (2), or (3) exist, the commissioner, with the approval of the Executive Council, may issue an iron ore or taconite iron ore mining lease through negotiations to an applicant. A lease may be issued through negotiations under any of the following circumstances:

- (1) the state taconite iron ore is adjacent to taconite iron ore owned or leased for mining purposes by the applicant and the commissioner finds that it is impracticable to mine the state taconite iron ore except in conjunction with the mining of the adjacent ore;
- (2) the lands to be leased are primarily valuable for their natural iron ore content; or
- (3) the state's mineral ownership interest in the lands to be leased is an undivided fractional interest and the applicant holds under control a majority of the remaining undivided fractional mineral interests in the lands to be leased.

For this lease amendment, it is the first circumstance described in Minnesota Statutes, sec. 93.1925, subd. 1, that is applicable.

**Background Information**

Cleveland-Cliffs Hibbing Inc., Cliffs Mining Holding Sub Company, Ontario Hibbing Company, and Hibbing Development Company, as tenants in common, operate a joint venture known as Hibbing Taconite Company (hereinafter, these four companies shall be referred to collectively as "Hibbing Taconite"). Hibbing Taconite Company operates a taconite mine and pellet plant near the city of Hibbing, Minnesota. The company employs over 700 people. There are few mineable reserves of ore remaining at the Hibbing Taconite operation.

Pursuant to Minnesota Statutes, section 93.1925, subd. 2, Hibbing Taconite filed a request with the Commissioner of Natural Resources on January 13, 2025, to negotiate an extension of the term of State Taconite Iron Ore Mining Lease Number 2063-CT, which covers 40 acres of school trust fund land located in the Southwest Quarter of the Northwest Quarter (SW1/4-NW1/4) of Section 2, Township 57 North, Range 21 West. State Taconite Iron Ore Mining Lease Number 2063-CT, which was issued on April 12, 1950, is currently held by Cleveland-Cliffs Ontario Iron Inc. and is subleased to the group of companies which operate Hibbing Taconite Company. This lease expires on April 11, 2025, and the term of the lease cannot be further extended (Minnesota Statutes, section 93.1925, subd. 3, 93.20, subd. 4, and 93.193). Hibbing Taconite was informed of this fact by telephone and subsequently provided the Commissioner of Natural Resources the required lease application fee to negotiate a new state taconite iron ore lease covering the property.

The state owns the surface and minerals of Southwest Quarter of the Northwest Quarter SW1/4-NW1/4) of Section 2, Township 57 North, Range 21 West as school trust land. This parcel has been under a state taconite iron ore mining lease since 1950 and the parcel is within Hibbing Taconite's active mine pit. The Commissioner of Natural Resources has the authority to lease the surface and minerals under Minnesota Statutes, secs. 93.04 and 93.14.

The map attached as "Exhibit A-i" shows the location of the state-owned parcel proposed for the negotiated state taconite iron ore mining lease, and the location of other state taconite iron ore mining leases held by Hibbing Taconite in St. Louis County, Minnesota

The DNR finds that it would be impractical to mine the state taconite iron ore except in conjunction with the mining of the adjacent ore controlled by Hibbing Taconite.

### **Terms of the State Taconite Iron Ore Mining Lease Amendment**

The new state taconite iron ore mining lease to be issued to Cleveland-Cliffs Hibbing Inc., Cliffs Mining Holding Sub Company, Ontario Hibbing Company, and Hibbing Development Company contain basic terms found in all state taconite iron ore lease agreements.

#### *Length of Lease*

The new state taconite iron ore mining leases would be effective for a term of 25 years beginning on April 12, 2025. State law allows a maximum term of 50 years for a state taconite iron ore mining lease, however, recent state taconite leases to Hibbing Taconite have been 25 years in duration.

#### *Rental*

The annual rental rate is \$3,600 per year per government lot or forty. In accordance with Minnesota Statutes, sec. 93.20, the annual rental payment may be credited against royalties due for ore mined under the lease during that same year.

#### *Royalty Rate and Escalator*

The base royalty rate for taconite iron ore removed from the new state taconite leases would be \$0.80 per ton. The base royalty rate for this new state taconite iron ore lease matches the base royalty rate the State has negotiated for such leases with Hibbing Taconite since 2023.

The royalty rate for the new state taconite iron ore lease will be increased based upon the change in the Producer Price Index for the Iron and Steel Subgroup of the Metals and Metal Products Group from a base of 170.000, a negotiated figure. The fourth quarter 2024 royalty using this base royalty and royalty escalator is \$1.3880 per ton.

Attached as “Exhibit A-ii” is a copy of the proposed State Taconite Iron Ore Mining Lease (lease number to be assigned), to be issued for the state-owned land and minerals located in SW1/4-NW1/4 of Section 2, Township 57 North, Range 21 West in St. Louis County.

#### **Revenue Distribution**

The Southwest Quarter of the Northwest Quarter in Section 2, Township 57 North, Range 21 West is school trust land. Eighty percent of mineral lease revenue from school trust land is deposited into the corpus of the Permanent School Fund and is invested. The interest is distributed each year to the school districts throughout the state. The remaining 20% of mineral lease revenue from school trust fund lands is distributed to the minerals management account.

An estimate of mineable crude taconite on the proposed leased property is approximately 1.8 million tons. This lease could generate \$2.5 million in royalty payments to the Permanent School Trust Fund.

#### **Conclusion**

It is the Department of Natural Resources’ conclusion that Hibbing Taconite has met the requirements to qualify for a negotiated state taconite iron ore lease in that it holds under exclusive control taconite iron ore that is adjacent to the state taconite iron ore. It would be impractical to mine the state ore except in conjunction with that ore.

It is the Department of Natural Resources’ recommendation that the State Executive Council approve the issuance of a new negotiated state taconite iron ore mining lease to Cleveland-Cliffs Hibbing Inc., Cliffs Mining Holding Sub Company, Ontario Hibbing Company, and Hibbing Development Company, which companies collectively comprise Hibbing Taconite Company, a joint venture, to be mined as part of the Hibbing Taconite Company operation in St. Louis County.

## RESOLUTION

RESOLVED, by the Executive Council of the State of Minnesota, at its meeting on March 21, 2025, that it approves the following amendment that is recommended by the Commissioner of Natural Resources:

State Taconite Iron Ore Mining Lease (lease number to be assigned) covering the Southwest Quarter of the Northwest Quarter (SW1/4-NW1/4) in Section 2, Township 57, Range 21 in St. Louis County to be issued to Cleveland-Cliffs Hibbing Inc., Cliffs Mining Holding Sub Company, Ontario Hibbing Company, and Hibbing Development Company;

on the terms set forth in the proposed amendment, which was submitted and filed with the Secretary of the Council for the Council's March 21, 2025, meeting; and the Commissioner of Natural Resources is hereby authorized and directed to execute such amendment on behalf of the State of Minnesota.

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Executive Secretary  
State Executive Council

STATE OF MINNESOTA  
DEPARTMENT OF NATURAL RESOURCES  
DIVISION OF LANDS AND MINERALS

TACONITE IRON ORE MINING LEASE  
PURSUANT TO  
MINNESOTA STATUTES 2024, SECTIONS  
93.1925, 93.20, AND 93.201

Lease No. MLTNxxxxxxx(lease number to be assigned)

This indenture, made the 24th day of March, 2025, and effective on April 12, 2025, by and between THE STATE OF MINNESOTA, under authority and subject to the provisions of Minnesota Statutes 2022, sections 93.1925, 93.20, and 93.201, acting by and through its Commissioner of Natural Resources, 500 Lafayette Road, St. Paul, Minnesota 55155-4045, hereinafter called "Lessor", and

CLEVELAND-CLIFFS HIBBING, INC., 1 South Dearborn Street, Chicago, Illinois 60603, a Delaware corporation, hereinafter called "Cleveland-Cliffs Hibbing"; CLIFFS MINING HOLDING SUB COMPANY, 200 Public Square, Suite 3300, Cleveland, Ohio 44114, a Delaware corporation, hereinafter called "Cliffs"; ONTARIO HIBBING COMPANY, c/o United States Steel Corporation, 600 Grant Street, Philadelphia, Pennsylvania 15219, a Minnesota corporation, hereinafter called "Ontario"; and HIBBING DEVELOPMENT COMPANY, 200 Public Square, Suite 3300, Cleveland, Ohio 44114, a Minnesota general partnership, hereinafter called "Hibbing"; as tenants in common, Cleveland-Cliffs Hibbing to the extent of an undivided 50% interest, Cliffs to the extent of an undivided 10% interest, Ontario to the extent of an undivided 6.6667% interest, and Hibbing to the extent of an undivided 33.3333% interest; and Cleveland-Cliffs Hibbing, Cliffs, Ontario, and Hibbing are hereinafter called, severally not jointly, "Lessee";

WITNESSETH:

The Lessor is the owner of the lands hereinafter described.

The Lessee has made application under Minnesota Statutes 2024, section 93.1925, for a state taconite iron ore mining lease on said premises owned by the Lessor, and has agreed with the Commissioner of Natural Resources upon the terms and conditions of such lease as hereinafter set forth.

The Commissioner of Natural Resources, pursuant to Minnesota Statutes 2024, section 93.1925, has found the state taconite iron ore is adjacent to taconite iron ore owned or leased for mining purposes by the applicant and the commissioner finds that it is impracticable to mine the state taconite iron ore except in conjunction with the mining of the adjacent ore.

By resolution adopted on March 21, 2025, the State Executive Council approved the

**Exhibit A-ii**

execution of this lease. A copy of this resolution is attached hereto and marked "Exhibit A".

NOW, THEREFORE, in consideration of the premises and the agreement herein contained, IT IS AGREED BY AND BETWEEN THE PARTIES HERETO, as follows:

1. TERM; DESCRIPTION OF MINING UNIT. That the Lessor, for and in consideration of the covenants and conditions hereof, to be kept and performed by the Lessee, does hereby lease and demise unto the Lessee for the period of the effective date listed above through April 11, 2050, the following described land, situated in St. Louis County, in the State of Minnesota, to-wit:

Southwest Quarter of Northwest Quarter (SW1/4-NW1/4) in Section Two (2), Township Fifty-seven (57) North, Range Twenty-one (21) West of the Fourth Principal Meridian.

2. PURPOSE OF LEASE; RIGHT OF LESSEE TO CONTRACT WORK. The above described premises are leased to the Lessee for the purpose of exploring for, mining, taking out and removing the taconite iron ore found on or in said land, together with the right to construct or make such buildings, excavations, openings, ditches, drains, railroads, roads and other improvements upon said premises as may be necessary or suitable for such purposes. The Lessee may contract with others for doing any work authorized or required hereunder, or for the use of said land or any part thereof for the purposes hereof, but no such contract shall relieve the Lessee from any duty, obligation, or liability hereunder. The Lessee shall furnish a copy of any such contract upon request of the Lessor.

3. STATE'S RIGHT TO LEASE SURFACE AND SELL TIMBER. The Lessor reserves the right to sell and dispose of, under the provisions of law now or hereinafter governing the sale of timber on state lands, all the timber upon the land hereby leased, and reserves to the purchaser of such timber, or agents and servants of the purchaser, the right at all times to enter thereon, and to cut and remove any and all such timber therefrom, according to the terms of the purchaser's contract with the state, and without let or hindrance from the Lessee, but such purchaser shall not unnecessarily or materially interfere with the mining operations carried on thereon. The purchaser of the timber will agree to assume entire responsibility and liability for all damages and injury to all persons and property whether caused by the purchaser, the purchaser's officers, agents or employees, arising from activities undertaken based on the timber permit or the purchaser's use or occupancy of the premises covered by the timber permit.

The Lessor further reserves the right to grant to any person or corporation the right-of-way necessary for the construction and operation of one or more railroads over or across the land thereby leased, without let or hindrance from the Lessee, but such railroads shall not unnecessarily or materially interfere with the mining operations carried on thereon. The grantee of a railroad right-of-way will agree, for the benefit of both parties to this lease, to assume entire responsibility and liability for all damages and injury to all persons and property whether caused by the grantee or the grantee's officers, agents or employees, arising from activities undertaken based on the railroad right-of-way or the grantee's use or occupancy of the premises covered by the railroad right-of-way.

The Lessor further reserves the right to grant leases, permits or licenses to any portion of the surface of the demised premises to any person or corporation under authority of section 92.50, or other applicable laws, without let or hindrance from the Lessee, but such leases, permits or licenses shall not unnecessarily or materially interfere with the mining operations carried on thereon. The surface lessee will agree, for the benefit of both parties to this lease, to assume entire responsibility and liability for all damages and injury to all persons and property whether caused by the surface lessee or the surface lessee's officers, agents or employees, arising from activities undertaken based on the surface lease or the surface lessee's use or occupancy of the premises covered by the surface lease.

4. RENTALS. The Lessee covenants and agrees to pay to the Lessor rental for said premises at the rate of \$3,600.00 per year for the term hereof. Such rental shall be payable quarterly on or before the 20th day of April, July, October, and January each year during the term hereof. Each quarterly payment shall cover the rental at the rate hereinbefore specified for the calendar quarter or fraction thereof ending on the last day of the calendar month next preceding the due date for such payment. The rental for any fraction of a quarter shall be computed proportionately at the applicable rate. Any amount paid for rental accrued under this lease during any calendar year shall be credited on any royalty that may become due for taconite iron ore removed under this lease during the same calendar year but no further. And any amount paid for such royalty in excess of such credit during such year under this lease shall be credited on rental, if any, subsequently accruing under this lease during such year but no further.

5. DEFINITIONS. (a) Taconite Concentrates. Taconite concentrates shall be understood to mean the merchantable product, suitable for blast furnace use, which in accordance with good engineering and metallurgical practice, has been produced from taconite iron ore which requires treatment by fine grinding, magnetic separation, flotation, or some other method.

(b) Taconite Iron Ore. Taconite iron ore shall be understood to mean a ferruginous chert or ferruginous slate in the form of compact siliceous rock, in which the iron oxide is so finely disseminated that substantially all of the iron bearing particles of merchantable grade are smaller than 20 mesh.

(c) Ton. The word "ton" shall mean a gross ton of 2,240 pounds.

6. ROYALTY PAYABLE. (a) On a ton of taconite iron ore, regardless of its iron content, the royalty shall be \$0.80, subject to the escalator provisions of paragraph 7 herein.

(b) Subject to the lien of the state as provided herein for any royalty payable thereon, taconite iron ore so mined and removed, upon which such royalty is paid or payable (and not delinquent) hereunder, and the taconite concentrates and residue resulting from the treatment thereof, including tailings, shall be the property of the Lessee and may be shipped, used, beneficiated, or otherwise disposed of by it as it sees fit.

(c) The Lessee shall be liable for royalty on all taconite iron ore removed from the leased premises for beneficiation or treatment from and after the actual time of removal.

(d) If the royalty due on the taconite iron ore shall not be determined and accounted for as herein otherwise provided by the next quarterly payment date after the end of the quarter in which such taconite iron ore is removed, the Lessor may determine such royalty by such reasonable method as the Lessor deems appropriate and give the Lessee written notice thereof, whereupon such royalty shall be due and payable within 20 days after the mailing or delivery of such notice, unless the time therefor shall be extended by the commissioner. Final settlement and adjustment of the royalty due shall be made as soon as determination becomes possible.

7. ESCALATOR CLAUSE. (a) The royalties to be paid by the Lessee to the Lessor on taconite iron ore removed in each calendar quarter that the lease remains in force as hereinbefore specified shall be subject to increase determined in accordance with subparagraph (1) below:

(1) Reference shall be made to the Producer Price Index for the Iron and Steel Subgroup of the Metals and Metal Products Group (1982=100)(Commodity Code No. WPU101), as originally published (unrevised) by the Bureau of Labor Statistics of the United States Department of Labor, or any succeeding federal agency publishing such index, for the first month in the calendar quarter for which royalty payment is to be made. If the Producer Price Index for the Iron and Steel Subgroup of the Metals and Metal Products Group exceeds 170.000, which is a negotiated value (hereafter called the “PPI-I&S Base Index”), the excess shall be computed and this excess shall become the numerator of a fraction, the denominator of which shall be the PPI-I&S Base Index, and the resulting fraction shall be multiplied by the royalty rate per ton payable on the ore mined and removed during any such quarter.

For example, if the PPI-I&S for October of 2024 is 294.941, the additional amount for the fourth calendar quarter 2024 would be computed as follows:

$$((294.941-170.000)/170.000) \times \$0.80 = \$0.5880 \quad \text{amount added to the base royalty}$$

$$\$0.5880 + \$0.80 = \$1.3880$$

In this example, the royalty rate for the fourth quarter of 2024 would be \$1.3880.

In no event shall the royalty payable hereunder be less than the minimum base royalty of \$0.80.

(b) In the event some other period than 1982 is used as a base of 100 in determining the Producer Price Index for the Iron and Steel Subgroup of the Metals and Metal Products Group, for the purposes of this lease this index shall be adjusted so as to be in correct relationship to the appropriate base. In the event the Producer Price Index for the Iron and Steel Subgroup of the Metals and Metal Products Group is not published by any federal agency, the index to be used as aforesaid shall be that index independently published, which, after necessary adjustments, if any, provides the most reasonable substitute for this index, it being intended to substitute for the Producer Price Index for the Iron and Steel Subgroup of the Metals and Metal Products Group

(1982=100)(Commodity Code No. WPU101) an index that most accurately reflects fluctuations in the prices of iron and steel in the manner reported by the Producer Price Index for the Iron and Steel Subgroup of the Metals and Metal Products Group at the time of the issuance of this lease. In case such index shall cease to be available and the parties hereto fail within a reasonable time to agree upon such new method or formula for the adjustment of royalty rates hereunder, the same shall be determined by arbitration in the manner hereinafter provided.

8. METHOD OF COMPUTING ROYALTY RATES. In computing royalty rates hereunder, any fraction of a cent less than five-thousandths shall be disregarded and any fraction amounting to five-thousandths or more shall be counted as one-hundredth of a cent.

9. QUARTERLY ROYALTY PAYMENT ON ORE REMOVED. The Lessee covenants and agrees to pay to the Lessor, on or before the twentieth day of April, July, October, and January in each year during the period this lease continues in force, royalty at the rates hereinbefore specified for all the taconite iron ore mined and removed from said land during the three months preceding the first day of the month in which such payment is due as hereinbefore provided.

10. LESSEE TO TRANSMIT STATEMENT OF ORE REMOVED AND ROYALTY DUE. The Lessee at the time of such payment shall transmit to the Lessor an exact and truthful statement of the amount of taconite iron ore removed during the three months for which such payment is made and the royalty due thereon, determined as herein provided. The Lessee shall provide for all the operations required for such determination except as otherwise specified.

11. METHOD OF WEIGHING TACONITE IRON ORE; METHOD OF SAMPLING AND WEIGHING TACONITE IRON ORE STOCKPILED OFF PREMISES. The Lessee shall install and properly maintain adequate belt scales or other weighing devices for the determination of the weight of taconite iron ore. If taconite iron ore is intermingled with taconite iron ore from other lands before weighing, the weights shall be determined by a count of uniformly loaded vehicles from the leased lands and from said other lands or by such other means or methods that may be agreed upon by the Lessor and the Lessee for measuring the quantity of taconite iron ore produced from the leased lands and from said other lands, and by allocation of the combined weights determined by such belt scales or other weighing devices, upon the basis of such vehicle count or such other means or methods agreed upon by the Lessor and the Lessee. The Lessee shall adopt suitable methods and practices for determining, allocating and recording such weights. The scales and weighing devices installed, and the methods and practices for determining, allocating and recording such weights, shall be subject to the prior approval of and to review by the Lessor, and the Lessee shall comply with all reasonable requirements of the Lessor with respect thereto.

The Lessor may appoint such special inspectors of such scales, weighing devices, and methods and practices (including vehicle count inspectors) as the Lessor deems necessary to insure proper accounting and protect the interests of the state, and the Lessee shall reimburse the state monthly for the cost of all such inspection service upon notification thereof by the Commissioner.

Should the Lessee desire to stockpile iron ore off the demised premises for a temporary period not to exceed one year, the Lessor may prescribe the methods of removal and the method of sampling and weighing such taconite iron ore for the purpose of determining the amount of royalty due.

12. **ARBITRATION CLAUSE.** If any dispute shall arise between the parties as to the method of computing the weight and the royalty rate per ton, or if the parties to this lease cannot agree upon substitute price/index as provided under paragraph 7(b) herein, each shall choose an arbitrator and the two thus selected shall choose a third. The decision of the arbitrators or any two of them shall be final and binding on the parties in interest. The agreement or the decision of the arbitrators shall be attached as a supplement to the lease.

The Lessee shall reimburse the state for all costs and expenses incurred in connection with the determination of the weight of taconite iron ore. Each party to the arbitration shall bear their respective share of the costs for arbitration as to substitute price/index as provided under paragraph 7(b) herein.

13. **TRANSMISSION OF MONTHLY REPORTS; RIGHT OF LESSEE TO COMPUTE ROYALTIES ON A CALENDAR MONTH BASIS.** Except as otherwise permitted by the Lessor, the Lessee shall transmit to the Lessor on or before the tenth of each month a statement in such form as the Lessor shall prescribe, covering all taconite iron ore removed from said land during the preceding calendar month, showing the weight of the taconite iron ore, the royalty computed to be due thereon, and such other information pertaining thereto as the Lessor may require. With the approval of the Commissioner, for the purpose of computing and accounting for royalty, taconite iron ore may be considered as removed from said land in the month in which it was weighed, but the Lessee shall nevertheless be liable for the royalty on all taconite iron ore from and after the actual time of removal from said land. The weights of taconite iron ore as set forth in said monthly statements shall be prima facie binding as between the parties, but the Lessor shall have the right at any time, and in such manner as it may see fit, to sample the taconite iron ore, check the analyses, and inspect, review, and test the correctness of the methods, books, records, and accounts of the Lessee in sampling, analyzing, recording, and reporting such grades and weights, and to inspect, review, and test the correctness of the scales and other equipment used in weighing the taconite iron ore and of the weights reported as aforesaid, it being understood that any errors in these respects, when ascertained, shall be corrected. Should the Lessee desire to remove taconite iron ore for experimental purposes from the demised premises, the Lessor may prescribe the method of such removal and the method of sampling and weighing such taconite iron ore for the purpose of determining the amount of royalty due.

14. **STATE INSPECTION.** The Lessor shall have the right to enter upon and into said premises at any time, and to inspect and survey the same, and to measure the quantity of taconite iron ore which shall have been mined or removed therefrom, not unreasonably hindering or interrupting the operations of the Lessee.

The Lessee shall provide, upon written request from the Lessor, a suitable office on said premises, for the use of the Lessor or agents thereof in the work of inspection on said premises. The Lessor or agents thereof shall have the right to enter and inspect at any time any plant where

taconite iron ore from said land is treated or beneficiated, and to take such samples and make such tests as may be necessary to determine the effects of such treatment or beneficiation.

15. **ADDITIONAL MONTHLY AND ANNUAL REPORTS TO BE FURNISHED BY LESSEE; EXPLORATION, MINE AND MILL SAMPLES REQUIRED.** In addition to other reports or statements required hereunder, the Lessee shall furnish, upon request of the Lessor, the following:

(a) Copies of all exploration reports, concentrating plant reports, mine maps, analysis maps, cross-sections and plans of development made and used in the operations on said leased premises;

(b) At least a quarter portion of all exploration samples, and, when requested by the Lessor in writing, a quarter portion of mine or mill samples;

(c) A monthly report showing the estimated weight or volume and analysis of all material stockpiled according to classification;

(d) A monthly report of all taconite iron ore beneficiated, showing the tonnage and analysis of taconite iron ore treated, and a record of any analysis made of tailings and rejects;

(e) At the time of each royalty payment, the Producer Price Index for the Iron and Steel Subgroup of the Metals and Metal Products Group for the first month in each quarter for which royalty is being paid and the escalation amount, if any, provided for in paragraph 7 herein;

(f) Not later than February 1st of each year during said term, a summary statement of the tonnage of all taconite iron ore and other iron-bearing material mined on said land during the previous calendar year, showing the average analysis of iron and silica on all merchantable ore, such analysis as the Lessor may require on other iron-bearing material, and such other information as to the grade, character and disposition of such ore and other material as the Lessor may direct.

16. **LESSEE TO PAY ALL TAXES.** The Lessee further covenants and agrees to pay all taxes, general and specific, which may be assessed against said land and the improvements thereon made, used or controlled by said Lessee, and the taconite iron ore product thereof, and any personal property thereat owned, used, or controlled by the Lessee, in all respects as if said land was owned in fee by the Lessee. The termination of this lease by expiration of the term hereof or in any other manner shall not relieve the Lessee of liability for taxes assessed prior to such termination, and such taxes shall be paid when due.

17. **OPERATIONS TO BE CONDUCTED IN ACCORDANCE WITH GOOD MINING ENGINEERING.** It is further understood and agreed as follows:

(a) The Lessee will open, use and work the mine or mines on said land in such manner only as is usual and customary in skillful and proper mining operations of similar character when conducted by the proprietors on their own land and in accordance with the requirements,

methods, and practices of good mining engineering, and in such manner as not to cause any unnecessary or unusual permanent injury to such mine or mines or inconvenience or hindrance in the subsequent operation of the same or in the development, mining, or disposal of any taconite iron ore or other valuable mineral left on or in said land.

(b) Disposal of Taconite Iron Ore and Other Materials Not Otherwise Lawfully Disposed of. Subject to the approval of the Lessor, all taconite iron ore and other material produced or accumulated in connection with any operations hereunder and not otherwise lawfully disposed of shall be deposited or disposed of by the Lessee at such places and in such manner as will not hinder or embarrass such subsequent operations or activities; provided, that any such material containing iron or other minerals in such quantity or form as to have present or potential value shall be deposited only on the land covered by this lease, or on other land belonging to the state and available for the purpose, unless the Lessor shall approve in writing its disposal in some other manner.

c) Land Conveyed to the State for Stockpiling Purposes. Land conveyed to the state upon condition that it shall be used for the storage of taconite iron ore or other materials having present or potential value belonging to the state, subject to termination or reversion of title when no longer needed or used for that purpose, shall be deemed suitable and available therefor. The Lessor may accept such conveyance in behalf of the state if the Lessor shall determine that the conditions thereof conform with the foregoing provisions and will fully protect the interest of the state in the materials to be so stored, but no consideration shall be paid for such conveyance unless authorized by law. The existence of mineral reservations with rights to use or destroy the surface in connection therewith, shall not prevent lands being deemed suitable and available if the Lessor finds that the lands are located off the generally recognized limits of the iron formation, and the Lessor finds that no minerals of any present or foreseeable commercial value are known to exist thereon. The provisions of Minnesota Statutes, section 500.20 shall not apply to any conveyance of land to the state pursuant to this subdivision and shall not limit the duration of any covenant, condition, restriction, or limitation created by any such conveyance.

(d) The Lessee agrees that it will at all times duly comply with all legal requirements for the fencing and other protection of pits or other excavations made by it in the conduct of its mining operations hereunder; and that it will indemnify, protect, and save harmless the Lessor from and against any and all claims and liabilities for the death of, or injury to, persons or damage to property of others on account of or arising from any operations of the Lessee hereunder so long as this lease shall remain in effect. During the term of this lease, the Lessee further agrees that it will erect and maintain fencing along the outside perimeter of any inactive excavation, open pit or shaft located on the leased premises if ordered to do so by the inspector of mines pursuant to Minnesota Statutes, section 180.03. The fencing shall meet the requirements of Minnesota Statutes, section 180.03.

18. LESSEE TO ACQUIRE NECESSARY RIGHTS TO SURFACE NOT OWNED BY STATE. It is understood and agreed that in case any interest in the land covered by this lease or in any minerals therein is owned by anyone other than the state, this lease shall not be construed as authorizing any invasion of or trespass upon such other interest, that in case it shall be

necessary to make use of any such other interest in connection with any operations hereunder, the Lessee shall obtain all necessary legal rights therefor before proceeding therewith, that the Lessee shall be liable for all damages to any such other interest caused by any operations hereunder, and that the state shall not incur or be subject to any liability therefor.

19. SUPPLEMENTAL AGREEMENT PERMISSIBLE COVERING CERTAIN MATTERS. In case it shall become impossible or impracticable at any time during the term of this lease to comply with the provisions hereof relating to sampling, analysis, shipping, or weighing of ore, or in case methods for any of said operations shall be developed which appear to be superior to those herein prescribed and which will not result in any loss or disadvantage to the state hereunder, the Commissioner of Natural Resources, with the approval of the Executive Council, may make a supplemental agreement with the Lessee, modifying this lease so as to authorize the adoption of such other methods for any of said operations so far as deemed expedient.

20. REMITTANCES. All remittances by the Lessee hereunder shall be made payable to the Minnesota Department of Natural Resources and shall be transmitted to the Lessor who shall audit the same, take such action as may be necessary on account of any error or discrepancy discovered, and deposit all remittances found due with the state treasurer.

21. STATE LIEN FOR UNPAID SUMS DUE. The Lessor reserves and shall at all times have a lien upon all ore mined and upon all improvements made by the Lessee upon the land covered by this lease for any unpaid sums due hereunder.

22. LESSEE'S RIGHT TO TERMINATE LEASE. The Lessee shall have the right at any time to terminate this lease insofar as it requires the Lessee to mine taconite iron ore on said land, or to pay royalty therefor, by delivering written notice of such intention to terminate to the Lessor, who shall in writing acknowledge receipt of such notice, and this lease shall terminate sixty days after such delivery unless such notice is revoked by the Lessee by further written notice delivered to the Lessor before the expiration of said sixty days, and all arrearages and sums which shall be due under this lease up to the time of such termination shall be paid upon settlement and adjustment thereof by the Lessee.

23. LESSOR'S RIGHT TO TERMINATE LEASE UPON DEFAULT. This lease is granted upon the express condition that if any sum owing hereunder by the Lessee for rental, royalty, taxes, or otherwise shall remain unpaid after the expiration of sixty days from the time when the same became payable as herein provided, or in case the Lessee or any agent or servant thereof shall knowingly or willfully make any false statement in any statement, report, or account submitted to the state or to the Commissioner of Natural Resources or any agents of the commissioner pertaining to any matter hereunder, or in case the Lessee shall fail to perform any of the covenants or conditions herein expressed to be performed by said Lessee, then it shall be the duty of the Lessor to cancel this lease, first having mailed or delivered to the Lessee at least twenty days' notice in writing thereof, whereupon this lease shall terminate at the expiration of said twenty days, and the Lessor shall reenter and again possess said premises as fully as if no lease had been given to the Lessee, and the Lessee and all persons claiming under such party shall be wholly excluded therefrom except as hereinafter provided, but such termination and re-

entry shall not relieve the Lessee from any payment or other liability thereupon or theretofore incurred hereunder. If the default consists of a nonperformance of an act required under this lease, the Lessee may perform within the period of twenty days; in which event the lease continues in effect and shall not so terminate. If the correction of any such default requires more than twenty days after the notice has been received by the Lessee, the commissioner, upon written request of the Lessee and for good cause shown, may, at his or her discretion, grant an extension of the period of twenty days.

24. RIGHTS OF LESSOR AND LESSEE DURING 90-DAY PERIOD FOLLOWING TERMINATION. It is mutually agreed that upon the termination of this lease, whether by expiration of the term thereof or by act of either party, the Lessee shall have ninety days thereafter in which to remove all equipment, materials, railroad tracks, structures, and other property placed or erected by the Lessee upon said land, and any such property not removed within said time shall become the property of the Lessor; but the Lessee shall not remove or impair any supports placed in any mine or mines on said land, or any timber or framework necessary to the use or maintenance of shafts or other approaches to such mine or mines or tramways within the same. Lessee further agrees that, upon termination of this lease, it will leave and surrender to the Lessor the said premises with all pits, excavations or other openings made by it thereon duly fenced and protected in such manner as will at the time fully comply with all statutory or legal requirements then in force and effect with respect thereto. Subject thereto, it is understood and agreed that upon termination of this lease by expiration of the term thereto or otherwise, the Lessee will quietly and peaceably surrender possession of the land covered thereby to the Lessor.

25. ASSIGNMENTS, AGREEMENTS OR CONTRACTS. This lease may not be assigned, subleased or otherwise transferred by the Lessee, or its successors in interest, without the written consent of the Lessor. The covenants, terms and conditions of this lease shall run with the land and shall extend to and bind all assignees and other successors in interest of the Lessee.

26. THIS LEASE IS ISSUED UNDER ALL APPLICABLE PROVISIONS OF MINNESOTA STATUTES 2024, CHAPTER 93.

*(Remainder of page left intentionally blank; signature pages to follow)*



Signed in Presence of:

CLEVELAND-CLIFFS HIBBING INC.

\_\_\_\_\_

By \_\_\_\_\_

Title: \_\_\_\_\_

\_\_\_\_\_  
As to Lessee

STATE OF \_\_\_\_\_ )  
 ) SS.  
COUNTY OF \_\_\_\_\_ )

The foregoing instrument was acknowledged before me this \_\_\_\_ day of \_\_\_\_\_, 2025, by \_\_\_\_\_ of CLEVELAND-CLIFFS HIBBING INC., a Delaware corporation, on behalf of the corporation.

\_\_\_\_\_  
Notary Public  
My commission expires: \_\_\_\_\_

Signed in Presence of:

CLIFFS MINING HOLDING SUB COMPANY

\_\_\_\_\_

By \_\_\_\_\_

Title: \_\_\_\_\_

\_\_\_\_\_

As to Lessee

STATE OF \_\_\_\_\_ )  
 ) SS.  
COUNTY OF \_\_\_\_\_ )

The foregoing instrument was acknowledged before me this \_\_\_\_ day of \_\_\_\_\_, 2025, by \_\_\_\_\_ of CLIFFS MINING HOLDING SUB COMPANY, a Delaware corporation, on behalf of the corporation.

\_\_\_\_\_  
Notary Public  
My commission expires: \_\_\_\_\_

Signed in Presence of:

ONTARIO HIBBING COMPANY

\_\_\_\_\_

By \_\_\_\_\_  
Title: \_\_\_\_\_

\_\_\_\_\_  
As to Lessee

STATE OF \_\_\_\_\_ )  
 ) SS.  
COUNTY OF \_\_\_\_\_ )

The foregoing instrument was acknowledged before me this \_\_\_\_\_ day of \_\_\_\_\_,  
2025, \_\_\_\_\_ of  
ONTARIO HIBBING COMPANY, a Minnesota corporation, on behalf of the corporation.

\_\_\_\_\_  
Notary Public  
My commission expires: \_\_\_\_\_

Signed in Presence of:

HIBBING DEVELOPMENT COMPANY

\_\_\_\_\_

By \_\_\_\_\_

Title: \_\_\_\_\_

Pickands Hibbing Corporation, as partner

\_\_\_\_\_  
As to Lessee

STATE OF \_\_\_\_\_ )  
 ) SS.  
COUNTY OF \_\_\_\_\_ )

The foregoing instrument was acknowledged before me this \_\_\_\_ day of \_\_\_\_\_, 2025, by \_\_\_\_\_, of PICKANDS HIBBING CORPORATION, as a partner in HIBBING DEVELOPMENT COMPANY, a Minnesota general partnership, on behalf of the partnership.

\_\_\_\_\_  
Notary Public  
My commission expires: \_\_\_\_\_

Office of Commissioner of Natural Resources  
STATE OF MINNESOTA

I hereby certify that this instrument was filed in this  
office on \_\_\_\_\_

By \_\_\_\_\_

This Instrument was drafted  
by:

DEPT. OF NATURAL RESOURCES  
Division of Lands and Minerals  
500 Lafayette Road  
St. Paul, MN 55155 4045

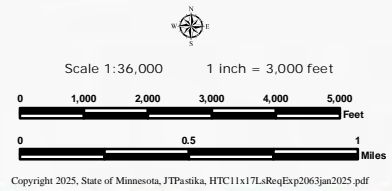
### Minelands and Taconite Leasing in the Hibbing Taconite Area

- State Taconite Lease to Cliffs
- State Taconite Lease to US Steel
- Potential State Mineral Interests

- Selected Parcel Containing Glacier Mineral Interests: Leased to Hibbing Taconite\*
  - Selected Parcel Containing Glacier Mineral Interests: Leased to Keewatin Taconite\*
  - Carmi Taconite Reserve\*
- \* based on historic GNIOP information

- Permitted Mine: Hibbing Taconite
- Permitted Mine: USS Keewatin Taconite

- Taconite Mine
- Natural Ore Mine
- Iron Formation Subcrop Limit



*Hibbing Taconite Request for State Taconite Lease (for expiring lease 2063CT)*

*Hibbing Taconite Request for State Taconite Lease: SW-NW, Sec. 2, T57N - R21W*

